

Message Text

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PAGE 01 STATE 254826

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DRAFTED BY NEA/IRN:CWNAAS:TL
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NSC - DR. ELLIOT (DRAFT)
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R 250221Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

S E C R E T STATE 254826

EXDIS

E.O. 11652: GDS

TAGS: TECH, IR

SUBJECT: NUCLEAR AGREEMENT FOR COOPERATION

REF: VIENNA 8210

FOR AMBASSADOR

1. INTER-AGENCY GROUP HAS MET SINCE RETURN OF KRATZER
FROM VIENNA MEETING DURING WHICH ETEMAD APPEARED TO REJECT
FIRMLY OUR POSITION CONCERNING CONSENT OF BOTH PARTIES
(I.E., U.S. VETO) BEFORE REPROCESSING OF U.S. SUPPLIED FUEL
COULD BE ACCOMPLISHED. HIS VIEWS ON THE CLOSELY
RELATED MULTILATERAL REGIONAL CONCEPT WERE LESS CLEAR, BUT
NOT ENCOURAGING. HE WAS ALSO UNHAPPY WITH OUR PROPOSALS

SECRET

SECRET

PAGE 02 STATE 254826

FAVORING THE STORAGE IN THE U.S. OF ENRICHED MATERIAL

WHICH WOULD BE IN EXCESS OF IRAN'S REACTOR NEEDS BUT WHICH IRAN NEVERTHELESS MIGHT OWN BY VIRTUE OF ITS INVESTMENT IN THE UEA.

2. WE ARE URGENTLY ADDRESSING THESE ISSUES, PARTICULARLY THE SINGLE MOST CRUCIAL QUESTION OF AUTHORIZING REPROCESSING OF U.S. FUEL ONLY IN A MULTINATIONAL PLANT. SINCE THIS ISSUE CLEARLY RELATES TO OUR BROAD CURRENT NON-PROLIFERATION POLICIES CONCERNING CONTROLS OVER FOREIGN REPROCESSING CAPABILITIES, WE WILL NOT BE READY FOR FURTHER NEGOTIATIONS WITH ETEMAD FOR SEVERAL WEEKS.

3. IN MEANTIME, IT IS POSSIBLE SHAH WILL RAISE THESE MATTERS WITH YOU AND IN THAT EVENT, YOU MAY DRAW UPON POINTS IN PARAS 4-6 BELOW IN SUPPORT OF OUR CURRENT POSITION. WE WOULD NOT WANT YOU TO TAKE INITIATIVE FOR TALK AND IN NO EVENT SHOULD YOU HINT THAT U.S. POSITION MAY BE REVISED--WHICH IT MAY NOT BE. HOWEVER, YOU SHOULD, OF COURSE, ASSURE THE SHAH, IF THE SITUATION CALLS FOR SUCH ASSURANCES, OF OUR CONTINUING STRONG DESIRE TO REACH A MUTUALLY SATISFACTORY AGREEMENT FOR NUCLEAR COOPERATION.

4. BASIC THEME WHICH SHOULD BE STRESSED IS THE POTENTIAL DANGER TO REGIONAL STABILITY IF OTHER COUNTRIES, SUCH AS PAKISTAN (WHICH IS PROCEEDING TO ACQUIRE A PILOT REPROCESSING PLANT FROM FRANCE), DEVELOP INDEPENDENT NUCLEAR FUEL CYCLE AND THUS WEAPONS OPTION. SHAH HIMSELF HAS SEVERAL TIMES EXPRESSED HIS CONCERN OVER THIS POSSIBIL-

ITY, MOST RECENTLY IN HIS INTERVIEW WITH HEIKAL. IT HAD OCCURRED TO US THAT SUCH PURELY NATIONAL INITIATIVES COULD BE DEFLECTED IF THE STATES IN VARIOUS REGIONS COULD BE INDUCED TO ESTABLISH ANY FUTURE REPROCESSING PLANTS ON A MULTINATIONAL BASIS, IF AND WHEN SUCH PLANTS PROVE TO BE ECONOMICALLY NECESSARY AND VIABLE. MOREOVER, GIVEN IRAN'S ACTIVE SUPPORT OF THE NPT AND ANTICIPATED NUCLEAR POWER REQUIREMENTS, WE HOPE IRAN WILL PLAY A LEADING ROLE IN FOSTERING THIS CONCEPT IN THIS AREA.

5. IN ADDITION YOU SHOULD PUT FORTH FOLLOWING SUB-THEMES:
SECRET

SECRET

PAGE 03 STATE 254826

(A) USG IS STRONGLY INTERESTED IN WIDE-RANGING COOPERATION WITH THE GOI IN PEACEFUL USES OF THE ATOM, AND LOOKS FORWARD TO MUTUALLY ADVANTAGEOUS PROJECTS WITHIN OUR JOINT COMMISSION. SUCH COOPERATION WILL SERVE U.S. INTEREST IN SEEING DEVELOPMENT OF IRAN AS SOURCE OF STRENGTH AND STABILITY IN ENTIRE REGION, AND, SHOULD SERVE TO ENHANCE ECONOMIC DEVELOPMENT OF BOTH COUNTRIES.

(B) CURRENT DIFFERENCES BETWEEN OUR GOVERNMENTS ON A NEW AGREEMENT FOR COOPERATION STEM PARTLY FROM FACT THAT AGREEMENT WITH IRAN WAS FIRST TO COME UP UNDER OUR NEW POLICY OF STRENGTHENING PROVISIONS IN ALL U.S. AGREEMENTS FOR COOPERATION. WE ARE NOT IN ANY WAY SINGLING IRAN OUT FOR SPECIAL, DISADVANTAGEOUS TREATMENT, BUT RATHER SEEKING AGREEMENT ON PROVISIONS WHICH WE EXPECT TO BECOME STANDARD IN OUR COOPERATIVE ARRANGEMENTS. WE BELIEVE THAT IN THE LONG RUN, THE ADVANTAGES IN RESTRAINING PROLIFERATION

OF NUCLEAR WEAPONS WHICH WILL RESULT FROM SUCH PROVISIONS BEING APPLIED TO OTHER NATIONS ARE OF OVERRIDING IMPORTANCE.

(C) WE REALIZE THAT THE ACTUAL ESTABLISHMENT OF A REPROCESSING CAPABILITY IN IRAN WILL BE A NUMBER OF YEARS OFF, GIVEN THE TECHNICAL COMPLEXITIES OF THIS FIELD AND THE LARGE THROUGHPUTS THAT ARE GENERALLY PERCEIVED TO BE NECESSARY TO MAKE SUCH PLANTS VIABLE. THEREFORE, WE ASSUME THAT IRAN WILL WISH TO DEVELOP ITS FUTURE PLANS IN THIS AREA WITH CONSIDERABLE CARE. ASSUMING THAT A SATISFACTORY BILATERAL AGREEMENT CAN BE NEGOTIATED, THE U.S. WOULD BE PREPARED TO WORK CLOSELY WITH IRAN AT THE APPROPRIATE TIME (THE JOINT COMMISSION COULD BE UTILIZED) IN EXPLORING THE FEASIBILITY OF A MULTINATIONAL REGIONAL FUEL CYCLE CENTER IN IRAN AND IN FLESHING OUT THE CONCEPT. AS SECRETARY KISSINGER INDICATED IN HIS RECENT UN SPEECH WE SEE IMPORTANT POTENTIAL NON-PROLIFERATION BENEFITS TO THIS CONCEPT.

(D) CONCLUSION OF AN AGREEMENT FOR COOPERATION WOULD ALSO HAVE MORE OBVIOUS ADVANTAGE OF FACILITATING IMMEDIATE EXPANSION OF U.S./IRANIAN COOPERATION IN NUCLEAR FIELD.

SECRET

SECRET

PAGE 04 STATE 254826

OVER LONG-TERM, U.S. IS IN BETTER POSITION TO ASSIST GOI

IN ADVANCED AREAS OF NUCLEAR TECHNOLOGY THAN ANY OTHER STATE. (IN MAKING THIS POINT, YOU SHOULD AVOID IMPLYING COMMITMENT OF U.S. COOPERATION IN PARTICULAR AREAS, SUCH AS ADVANCED THERMAL OR BREEDER REACTORS.)

6. IN SUMMARY, WE BELIEVE THAT QUESTIONS OF FUEL REPROCESSING, NUCLEAR PROLIFERATION, AND AGREEMENT FOR COOPERATION ARE NOT SIMPLY TECHNICAL ISSUES, BUT DIRECTLY RELATED TO SECURITY AND STABILITY IN THE REGION, IRANIAN REGIONAL LEADERSHIP AND ADVANCEMENT OF IRANIAN ECONOMY.

7. IN RESPONSE, THE SHAH MIGHT WELL AGREE WITH THE THESIS THAT IRAN SHOULD CONTRIBUTE TO REGIONAL STABILITY AND

NUCLEAR DEVELOPMENT BY BEING A FUEL REPROCESSING CENTER, BUT THEN INQUIRE ABOUT THE CONNECTION BETWEEN THIS CONCEPT AND OUR REQUIREMENT THAT THE SUPPLIER OF REPROCESSING TECHNOLOGY (PRESUMABLY A WESTERN EUROPEAN COUNTRY OR THE U.S.) NEED BE A PARTNER IN THE REPROCESSING FACILITY IN ORDER TO OBTAIN OUR PERMISSION FOR THE REPROCESSING OF THE SPENT FUEL FROM U.S.-SUPPLIED REACTORS. YOU SHOULD NOTE IN REPLY THAT:

(1) THE ROLE AND INTEREST OF THIRD COUNTRIES AS PARTICIPANTS IN A REGIONAL REPROCESSING FACILITY CANNOT READILY

BE FIXED LONG IN ADVANCE OF THE PLANNING OF SUCH A FACILITY. IN DESIGNING OUR NEW BILATERAL AGREEMENTS, THE PRACTICAL MECHANISM WE HAVE CHOSEN TO GUARANTEE A MINIMUM MULTINATIONAL CHARACTER OF A REPROCESSING FACILITY IS TO PROPOSE A PARTNERSHIP WITH THE ONE OTHER PARTY WHOSE INVOLVEMENT IN THE PROJECT CAN BE PREDICTED WITH CERTAINTY --THE SUPPLIER OF THE EQUIPMENT AND TECHNOLOGY. THE CONCEPT OF MULTINATIONAL REPROCESSING FACILITIES, WHICH COULD INVOLVE VARIOUS COMBINATIONS OF JOINT OWNERSHIP, JOINT MANAGEMENT AND JOINT OPERATIONAL RESPONSIBILITY, IS A SIGNIFICANT FEATURE OF THE U. S. NON- PROLIFERATION POLICY. THIS IS A GENERAL POLICY AND IS NOT AIMED AT ANY ONE COUNTRY OR REGION.

SECRET

SECRET

PAGE 05 STATE 254826

8. SHOULD THE SHAH SPECIFICALLY OBJECT TO OUR REQUIREMENT THAT FUEL IN EXCESS OF IRAN'S REACTOR NEEDS (WHICH WE MIGHT OBTAIN BY PART OWNERSHIP OF UEA) BE STORED IN THE UNITED STATES, YOU COULD TAKE FOLLOWING LINE: ETEMAD'S COMMENTS IN VIENNA WERE OUR FIRST INTIMATION THAT GOI WAS DISSATISFIED WITH THIS ARRANGEMENT. WHEN MINISTER ANSARY RAISED THE ISSUE IN MARCH IN WASHINGTON, WE WERE UNDER THE IMPRESSION--PERHAPS MISTAKEN--THAT IRANIAN CONCERN WAS OVER ESTABLISHMENT OF APPROPRIATE MARKETING ARRANGEMENTS. IT HAS BEEN OUR GENERAL PRACTICE TO DATE TO AUTHORIZE THE EXPORT OF MATERIALS AT A TIME WHEN THEY WERE NEEDED TO ASSURE THE CONTINUOUS AND EFFICIENT OPERATION OF THE FACILITIES INVOLVED. OUR EXPERTS WILL, OF COURSE, REVIEW OUR POSITION IN LIGHT OF OUR CURRENT UNDERSTANDING. KISSINGER

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